

STUDY GUIDE

(Great to use to study for DMV exam!)

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BASIC LICENSING REQUIREMENTS

Test has _____ Questions multiple choice style.

Passing score = _____% or _____ Correct

You have _____ minutes to complete the test at the dmV

Make an appointment to take the test with your nearest DMV _____

Get a business license from the _____

Get your sellers permit from the _____

Get a fictitious name statement from the _____

For \$70 more you can get a broker's _____

Get your property use verification form signed by the _____

Wholesale dealers need a bond in the amount of \$_____ if they sell less than 25 cars per year.

The dealer license application fee is \$_____

Each dealer plate costs \$_____

Your dealer license is renewed every _____

You need _____ hours of continuing education

The fingerprinting is called _____ scan fingerprinting

Bond _____ and bond _____ result in automatic cancellation of your dealer license.

Conditional Sales Contracts

The contract must include All _____ and _____ of payment

Conditional sales contract must be used when sale involves _____

A _____ must be furnished to buyer

Conditional sales contract must be in _____

And include signatures of _____ and _____

Types of Conditional Sales Contracts See example of Conditional Sales Contract

1. _____

2. _____

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Motor Vehicle Financing

The Maximum allowable Interest Rate is _____ A.P.R.

Early Payoff of Loan under _____ Interest – is A Bad deal for the consumer

An Upside down trade-in means _____

Financing Falls Through the dealer has a _____ day rescission right to cancel the contract.

Truth In Lending

Contract not _____ means the customer cannot take delivery unless the contract is signed.

The maximum Documentation preparation fee is \$ _____

You must resell a repo vehicle in a _____ reasonable manner.

A break of the contract is also known as a _____

After the repo, mail the customer a notice of intent to _____

_____ means the customer must pay balance in full.

The customer has _____ days to reinstate or redeem

If you resell the car and make less than what the customer owed you, you can sue the customer for a _____

The Gramm-Leach-Bliley Act is a law that protects the customer's _____

Sales and Use Tax

The use tax rate is the same rate as _____ tax.

B.O.E. stands for _____

What is taxable? Price of _____ + accessories / Document _____

Fee / Smog fee paid to _____

You charge the tax rate of the county where the customer _____

The BOE can _____ your records at any time.

The website of the B.O.E. is _____

The general rule is to collect tax from _____

You report (pay) the tax to _____

Out of state sales require either a Bill of _____ or form number BT _____

Safety Laws

Division 12 safety equipment cannot be _____ by retail public

Cars don't need to be safe if sold to _____

All safety equipment must be in compliance with Division _____ at time of _____ sale

Look at the list below... Which safety item is missing from our list?

hand brake

Brakes

tires

lights

horn

mirrors

windows

seat belts

Advertising

Promotional Freebees are legal if the gift is not conditional on the purchase of a _____

Advertising laws apply to All _____ methods

You must make a Disclosure as a _____ in all forms of advertisements

Vehicle identified by VIN, or _____

Fill in the blank: All ads must have tax, license, _____ smog

Withdrawal of advertisement after vehicle sold: Time: _____ Method: _____

You must honor the the advertised price, even when a buyer is _____ of the advertisement

Promotional claims can be made if you conduct a _____ and keep it in your _____

What federal Cross Over Issue applies to advertising? _____

Every dealer ad must include the word _____

All terms of _____ must be specified

Odometers

Odometer disclosure must be made by legal owner of _____ vehicle

Odometer law is designed to prevent _____

If an odometer is _____, you need to notify the customer in writing.

It is illegal to _____ an odometer

Vehicle Licensing and Registration

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Get organized & Be careful not to forget putting the _____ on the back of the title if there is a loan on the vehicle

Have a copy of the DMV “_____” at your desk for reference

On the front of the title, Make sure prior owner signed and dated it and the _____ disclosure is complete

On the back of the title, Write _____ on any margin. Put retail customer’s information on section titled “_____.”

The VEHICLE, TRANSFER AND REASSIGNMENT FORM IS ALSO KNOWN AS THE REG_____.

For a set of new license plates, fill out the form called _____ smog fee, collect \$_____ document preparation fee, collect \$_____ \$_____ transfer fee.

To find out the back fees, Get a _____ report

Forward Fees – If the tags are going to expire within _____ days from date of sale, charge _____% of selling price.

Weight fees are for _____ vehicles only

Mail the dealer notice section of the report of sale to the DMV within _____ calendar days.

Make sure a conditional sales contract is complete for _____ or a CASH SALES CONTRACT for _____ sales.

Tell customer that their tags, plates (if needed) and new title will be mailed to them by the DMV in about a _____

Fold temporary _____ and tape on inside car window.

Go to DMV within _____ days of sale to transfer. What do you bring with you to the DMV?

- Title
- _____ of Report of Sale (ROS)
- Application for new plates (if necessary)
- 262 Form
- _____ Certificate
- Check book to pay fees

Wholesale Transaction

A wholesale transaction is a sale to a _____

What are the 4 items you need for a wholesale transaction?

1.

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- 2.
- 3.
- 4.

Administrative Service Fee

For this exercise, put the amount of the fine at the end of each violation:

Fails to submit the dealer notice portion of the report of sale to the DMV within 5 Calendar days, not including the date of sale.

\$ _____

Fail to submit applications within 50 days from the date of sale.

\$ _____

Fail to place a window copy portion of the report of sale on a vehicle before it is delivered to the customer

\$ _____

Fails to submit the application along with all fees to the DMV within 30 days of the sale or 20 days for a new non-resident vehicle.

\$ _____

Branch Locations

How you apply for a branch location? It's easy – all you need is an application called an APPLICATION FOR _____

____. You can download this form from the DMV website.

The dmv website is www. _____

The fee to open up each branch location is only _____

Offsite Sales

You can sell cars at these temporary sales events, but you need to apply for a permit from _____.

It is relatively cheap to apply. It only costs _____ for each sales event and the event can last for _____

____ days at a time, although most dealers just do it for the weekend.

Many _____ will require a city event permit as well.

Unlawful Dealer Activities

For this exercise, fill in the blanks of the following unlawful activities:

Employing unlicensed _____

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Bait and _____
_____ dog fees
Failure to pay _____ Service fee
Misusing special plates, or permitting their _____
Lending _____ supplies, and permitting misuse of license or books
Failure to Display _____
Failure to transfer _____
Submission of dishonored _____ to the Department

DMV Enforcement Actions

List the three actions that can be taken against a dealer

- 1.
- 2.
- 3.

Air Pollution Control Requirements

Smog test required prior to a vehicle being _____ for sale
Dealer allowed to charge \$ _____ for a smog test and \$ _____ for a certificate
Smog good for _____ years as long as stays in dealer's or wholesaler's inventory
There are both 50 State Vehicles & _____ State Vehicles
There are no smog requirements when vehicle is sold at _____

Regulations of the Bureau of Automotive Repair (BAR)

For this exercise, write yes or no at the end of each statement:

You must register with the bureau of automotive repair if you open the hood and show the customer the engine compartment _____

You must register with the bureau of automotive repair if you put a sign up that says "tune-ups only \$49.95" _____

You must register with the bureau of automotive repair if you do a tune-up yourself as part of reconditioning and you don't charge the customer _____

You must register with the bureau of automotive repair if you sell a warranty and you do the repair work when the car breaks down

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Use of Special Plates

Can you use dealer plates on personal cars? (yes or no) _____
You can order as many dealer plates as you want (true or false) _____
Your dealer plate contains your dealer number (true or false) _____
Owners can use the dealer plate for business only (true or false) _____
Employees can use dealer plates for pleasure as long as they have the permission of the dealer
(true or false) _____

Federal Buyer's Guide

_____ Issues apply to buyer's guides
Display the buyers guide on the car's _____
The federal buyer's guide is a federally _____ program
Buyer must _____ the buyer's guide
Buyer receives a _____ of the buyer's guide

Stolen Vehicle Prevention

Indicia _____ can be conducted by the CHP
What happens if a dealer unknowingly buys a stolen car? _____
If you buy a stolen car and sell it, the buyer still gets to keep the car because he is an "innocent, bonafide purchaser".
(true or false) _____
If you knowingly buy a stolen car, it's not a crime since you're a dealer (true or false) _____

Vehicle History Disclosure Requirements

_____ Recovery
Vehicles which were previous _____ or taxis
Disclosure must be in _____
_____ damage must always be disclosed
Odometer _____ and discrepancy

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Salvage Title / _____ Buyback Title
Frame Damage, _____ Damage, Flood Damage

WARRANTIES

You must give a warranty when the customer requests one (true or false) _____
If you sell a warranty, you must register with the BAR (true or false) _____
Lemon laws apply to used cars still under warranty (true or false) _____
_____ agreements are similar to warranties and can be sold.

Consignment Issues

You have _____ days to pay and make Disclosures of Date of
_____, price, whether any authorized _____ were deducted
The car is held in _____
Consignment means a retail dealer sells a car for a _____.
You must have a _____ agreement.

ANSWER KEY

BASIC LICENSING REQUIREMENTS

Test has 40 Questions multiple choice style.

Passing score = 70 % or 28 Correct

You have 50 minutes to complete the test at the dmV

Make an appointment to take the test with your nearest DMV _____INSPECTOR_____

Get a business license from the _____CITY_____

Get your sellers permit from the _____STATE BOARD OF EQUALIZATION_____

Get a fictitious name statement from the _____COUNTY RECORDER

For \$70 more you can get a broker's _____ENDORSEMENT_

Get your property use verification form signed by the _____CITY PLANNING DEPARTMENT_____

Wholesale dealers need a bond in the amount of \$10,000 if they sell less than 25 cars per year.

The dealer license application fee is \$150

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Each dealer plate costs \$ 41 PLUS COUNTY FEES _____
Your dealer license is renewed every ____ YEAR _____
You need ____ 4 _____ hours of continuing education
The fingerprinting is called ____ LIVE _____ scan fingerprinting
Bond ____ REDUCTIONS ____ and bond ____ LAPSES ____ result in automatic cancellation of your dealer license.
Who do you call for a cheap E-Z bond? ____ ANNE _____

Conditional Sales Contracts

The contract must include All ____ COSTS _____ and ____ TERMS _____ of payment
Conditional sales contract must be used when sale involves ____ FINANCING _____
A ____ COPY _____ must be furnished to buyer
Conditional sales contract must be in ____ WRITING _____
And include signatures of ____ BUYER _____ and ____ SELLER _____
Types of Conditional Sales Contracts See example of Conditional Sales Contract
1. ____ PRECOMPUTED _____
2. ____ SIMPLE INTEREST _____

Motor Vehicle Financing

The Maximum allowable Interest Rate is ____ 29.9% _____ A.P.R.
Early Payoff of Loan under ____ PRECOMPUTED ____ Interest – is A Bad deal for the consumer
An Upside down trade-in means ____ BUYER OWES MORE THAN CAR IS WORTH _____
Financing Falls Through the dealer has a ____ 10 ____ day rescission right to cancel the contract.

Truth In Lending

Contract not EXECUTED means the customer cannot take delivery unless the contract is signed.
The maximum Documentation preparation fee is \$45
You must resell a repo vehicle in a COMMERCIALLY reasonable manner.
A break of the contract is also known as a BREACH
After the repo, mail the customer a notice of intent to DISPOSE
____ REDEMPTION _____ means the customer must pay balance in full.
The customer has ____ 15 _____ days to reinstate or redeem
If you resell the car and make less than what the customer owed you, you can sue the customer
for a ____ DEFICIENCY _____
The Gramm-Leach-Bliley Act is a law that protects the customer's ____ PRIVACY _____

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Sales and Use Tax

The use tax rate is the same rate as _____ SALES _____ tax.

B.O.E. stands for _____ BOARD OF EQUALIZATION _____

What is taxable? Price of VEHICLE + accessories / Document _PREPARATION FEE_____

Fee / Smog fee paid to _____ SELLER _____

You charge the tax rate of the county where the customer _____ LIVES _____

The BOE can _____ AUDIT _____ your records at any time.

The website of the B.O.E. is _____ WWW.BOE.CA.GOV _____

The general rule is to collect tax from _____ RETAIL PUBLIC _____

You report (pay) the tax to _____ B.O.E. _____

Out of state sales require either a Bill of _LADING_____ or form number BT _448_____

Safety Laws

Division 12 safety equipment cannot be _____ WAIVED _____ by retail public

Cars don't need to be safe if sold to _____ DEALERS _____

All safety equipment must be in compliance with Division _12_ at time of _RETAIL_____ sale

Look at the list below... Which safety item is missing from our list?

hand brake

Brakes

tires

lights

horn

mirrors

windows

seat belts

ANSWER: AIR BAGS IS MISSING FROM THE LIST

Advertising

Promotional Freebees are legal if the gift is not conditional on the purchase of a _VEHICLE_____

Advertising laws apply to All _____ MEDIA _____ methods

You must make a Disclosure as a _____ DEALER _____ in all forms of advertisements

Vehicle identified by VIN, or _____ LICENSE PLATE OR STOCK NUMBER _____

Fill in the blank: All ads must have tax, license, _____ DOC _____ smog

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Withdrawal of advertisement after vehicle sold: Time: 48 HOURS Method: IN WRITING
You must honor the the advertised price, even when a buyer is UNAWARE of the advertisement
Promotional claims can be made if you conduct a SURVEY and keep it in your FILE CABINET
What federal Cross Over Issue applies to advertising? TRUTH IN LENDING
Every dealer ad must include the word DEALER
All terms of SALE must be specified

Odometers

Odometer disclosure must be made by legal owner of REPOSSESSED vehicle
Odometer law is designed to prevent FRAUD
If an odometer is REPAIRED, you need to notify the customer in writing.
It is illegal to ROLL BACK an odometer

Vehicle Licensing and Registration

Get organized & Be careful not to forget putting the LIENHOLDER on the back of the title if there is a loan on the vehicle
Have a copy of the DMV "DEALER HANDBOOK" at your desk for reference
On the front of the title, Make sure prior owner signed and dated it and the ODOMETER disclosure is complete
On the back of the title, Write REPORT OF SALE SERIAL NUMBER on any margin. Put retail customer's information on section titled "NEW REGISTERED OWNER."
The VEHICLE, TRANSFER AND REASSIGNMENT FORM IS ALSO KNOWN AS THE REG_262.
For a set of new license plates, fill out the form called APPLICATION FOR NEW PLATES smog fee, collect \$ 58.25 document preparation fee, collect \$ 45 \$ 15 transfer fee.
To find out the back fees, Get a KSR report
Forward Fees – If the tags are going to expire within 90 days from date of sale, charge 2 % of selling price.
Weight fees are for COMMERCIAL vehicles only
Mail the dealer notice section of the report of sale to the DMV within 5 calendar days.
Make sure a conditional sales contract is complete for FINANCING or a CASH SALES

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CONTRACT for __CASH__ sales.

Tell customer that their tags, plates (if needed) and new title will be mailed to them by the DMV in about a __MONTH__

Fold temporary ____WINDOW PERMIT____ and tape on inside car window.

Go to DMV within __30__ days of sale to transfer. What do you bring with you to the DMV?

- Title
- ____APPLICATION COPY____ of Report of Sale (ROS)
- Application for new plates (if necessary)
- 262 Form
- __SMOG__ Certificate
- Check book to pay fees

Wholesale Transaction

A wholesale transaction is a sale to a ____DEALER_____

What are the 4 items you need for a wholesale transaction?

1. WHOLESALE REPORT OF SALE
2. TITLE
3. REG 262
4. SELLERS PERMIT INFO

Administrative Service Fee

For this exercise, put the amount of the fine at the end of each violation:

Fails to submit the dealer notice portion of the report of sale to the DMV within 5 Calendar days, not including the date of sale.

\$ __5_____

Fail to submit applications within 50 days from the date of sale.

\$ __25_____

Fail to place a window copy portion of the report of sale on a vehicle before it is delivered to the customer

\$ __5_____

Fails to submit the application along with all fees to the DMV within 30 days of the sale or 20 days for a new non-resident vehicle.

\$ __5_____

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Branch Locations

How you apply for a branch location? It's easy – all you need is an application called an APPLICATION FOR ___MODIFICATION_

_____. You can download this form from the DMV website.

The dmv website is www. ___DMV.CA.GOV_____

The fee to open up each branch location is only ___70_____

Offsite Sales

You can sell cars at these temporary sales events, but you need to apply for a permit from ___INSPECTOR_____.

It is relatively cheap to apply. It only costs ___70_____ for each sales event and the event can last for ___30_____

_____ days at a time, although most dealers just do it for the weekend.

Many ___CITIES_____ will require a city event permit as well.

Unlawful Dealer Activities

For this exercise, fill in the blanks of the following unlawful activities:

Employing unlicensed _____ SALESPERSONS _____

Bait and ___SWITCH_____

___BIRD_____ dog fees

Failure to pay ___ADMINISTRATIVE_____ Service fee

Misusing special plates, or permitting their ___UNLAWFUL USE_____

Lending ___DEALER_____ supplies, and permitting misuse of license or books

Failure to Display ___BUYER'S GUIDES_____

Failure to transfer ___TITLE_____

Submission of dishonored ___CHECK_____ to the Department

DMV Enforcement Actions

List the three actions that can be taken against a dealer

1. ADMINISTRATIVE HEARING
2. CRIMINAL COURT
3. CIVIL COURT

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Air Pollution Control Requirements

Smog test required prior to a vehicle being OFFERED for sale

Dealer allowed to charge \$ 50 for a smog test and \$ 8.25 for a certificate

Smog good for 2 years as long as stays in dealer's or wholesaler's inventory

There are both 50 State Vehicles & 49 State Vehicles

There are no smog requirements when vehicle is sold at WHOLESALE

Regulations of the Bureau of Automotive Repair (BAR)

You must register with the bureau of automotive repair if you open the hood and show the customer the engine compartment NO

NO

You must register with the bureau of automotive repair if you put a sign up that says "tune-ups only \$49.95" YES

—

You must register with the bureau of automotive repair if you do a tune-up yourself as part of reconditioning and you don't charge the customer NO

You must register with the bureau of automotive repair if you sell a warranty and you do the repair work when the car breaks down YES

Use of Special Plates

Can you use dealer plates on personal cars? (yes or no) NO

You can order as many dealer plates as you want (true or false) TRUE

Your dealer plate contains your dealer number (true or false) TRUE

Owners can use the dealer plate for business only (true or false) FALSE

Employees can use dealer plates for pleasure as long as they have the permission of the dealer (true or false) FALSE

Federal Buyer's Guide

SPANISH Issues apply to buyer's guides

Display the buyers guide on the car's WINDOW

The federal buyer's guide is a federally MANDATED program

Buyer must SIGN the buyer's guide

Buyer receives a COPY of the buyer's guide

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Stolen Vehicle Prevention

Indicia _____ VERIFICATION _____ can be conducted by the CHP

What happens if a dealer unknowingly buys a stolen car? _____ DEALER LOSES MONEY AND CAR GOES BACK TO

RIGHTFUL OWNER _____

If you buy a stolen car and sell it, the buyer still gets to keep the car because he is an “innocent, bonafide purchaser”.

(true or false) _____ FALSE _____

If you knowingly buy a stolen car, it's not a crime since you're a dealer (true or false) _____ FALSE _____

Vehicle History Disclosure Requirements

_____ THEFT _____ Recovery

Vehicles which were previous _____ RENTALS _____ or taxis

Disclosure must be in _____ WRITING _____

_____ FRAME _____ damage must always be disclosed

Odometer _____ REPAIR _____ and discrepancy

Salvage Title / _____ LEMON LAW _____ Buyback Title

Frame Damage, _____ FIRE _____ Damage, Flood Damage

WARRANTIES

You must give a warranty when the customer requests one (true or false) _____ FALSE _____

If you sell a warranty, you must register with the BAR (true or false) _____ FALSE _____

Lemon laws apply to used cars still under warranty (true or false) _____ TRUE _____

_____ SERVICE _____ agreements are similar to warranties and can be sold.

Consignment Issues

You have _____ 20 _____ days to pay and make Disclosures of Date of

_____ SALE _____, price, whether any authorized _____ REPAIRS _____ were deducted

The car is held in _____ TRUST _____

Consignment means a retail dealer sells a car for a _____ PRIVATE PARTY _____.

You must have a _____ WRITTEN CONSIGNMENT _____ agreement.

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